

# 6 Views of third parties

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## Introduction

6.1. We invited views on the proposed acquisition from the Gaming Board, Government departments, casino operators and their suppliers, gaming licensing committees, local councils and police authorities in London, tourist and consumer organizations, trade associations and other interested parties. This chapter summarizes the evidence we received.

## The Gaming Board for Great Britain

6.2. The Gaming Board provided background information and information on the regulatory system which is referred to in Chapter 4.

6.3. The Gaming Board explained that its principal concern was its ability to regulate, or to continue to regulate, the gaming industry effectively. Although both LCI and Capital had had problems in the past, they were now quoted public companies with which the Gaming Board and its inspectorate had good regulatory relations. Both had compliance directors and compliance committees and actively sought to keep the Gaming Board informed when righting any problems. The Gaming Board was satisfied that both companies now had compliance and control systems of a high standard.

6.4. The Gaming Board expressed scepticism about operators' claims regarding the importance of self-regulation within the industry. It was also unconvinced by the argument that the merger would deter players from giving evidence in support of rival casino operators at licensing hearings.

6.5. The Gaming Board rebuffed a claim that it had been slow about taking action against the former LCI in 1992 because of the number of casinos the company owned. Its speed of action against LCI had been determined by the time it needed to gather the evidence and not by concerns about destabilizing the market. The Gaming Board stressed that, were the merger to go ahead, it would not be inhibited from taking whatever regulatory action it considered necessary.

6.6. The Gaming Board said that it did not regard itself as an authority on competition policy. It did, however, take an interest in individual casinos and casino companies' competitive activities, particularly where they impacted on the question of 'fit and proper' behaviour. Price competition was strictly circumscribed because the house 'edge' or 'advantage' in each game was fixed by the rules of the game, which were approved by Parliament. The Gaming Board was also involved with the BCA in drawing up guidelines which regulated the extent to which casinos could offer hospitality, gifts and inducements to members. Casinos competed on quality of service, particularly in respect of catering and ambience. The Gaming Board did not normally seek to control the market positioning of a casino. The Gaming Board thought that the merger was unlikely to result in any reduction in quality. Casinos at the top end of the market competed internationally for the relatively small number of high-rolling players who generated substantial profits for the casinos. Any reduction in quality would risk losing them. Resident players also expected high standards of comfort. Any reduction in quality which would affect the attractiveness of a casino would similarly risk alienating members, or at least reducing their frequency of visits. The general trend was to improve rather than reduce quality.

6.7. The Gaming Board pointed out that its views had changed to some extent since the 1983 MMC report. At the end of the 1970s/early 1980s the Board had been involved in a number of high profile cases involving major companies (such as Coral and Ladbroke) in which it had objected to licences. It was understandably concerned at that time about excessive concentration of market power in the hands of a few companies. Most casinos were now owned by substantial public companies. The standards of corporate governance of such companies were now better than in the early 1980s and the pressure that these had brought to bear on companies to behave properly had reinforced and supported the Gaming Board's long-standing role. Moreover, the Government's general approach to deregulation in recent years had encouraged the Gaming Board to concentrate its efforts on matters which came strictly within its regulatory purposes. The Gaming Board did not consider that the particular market share criterion referred to in the 1983 MMC report (see paragraph 6.8) needed to be strictly maintained for regulatory purposes in 1997.

6.8. In general terms, the Gaming Board said that it would like to see the present casino industry offer a full range of well-run and well-regulated facilities in safe and pleasant outlets, provided by a number of different operators, and catering for a wide range of customers in all segments of the market. Overall, therefore the Gaming Board, whilst accepting that the merger would give LCI nine of the 21 casinos in London and, significantly, three of the high-rolling ones, felt it no longer needed to suggest a maximum one-third market share for particular areas of London. This was not applied elsewhere in the country. As regards the small/large mix of operators, the proposed take-over would only have a marginal effect. Capital, although owning only two casinos, was nevertheless, by any reckoning, a substantial operator. Asked whether it would be concerned if all the casinos in the relevant market were owned by a single company, the Gaming Board said that this situation would give it some concern because of the danger that the sole company would become complacent about compliance.

6.9. In conclusion, the Gaming Board said that whilst it did not believe the merger raised any regulatory problems, it acknowledged the fact that the merger could worsen the already substantial difficulties new companies had in entering the London market-no new casino had opened for nearly ten years-although, given the lack of change in the past decade, it seemed hard to argue that any such effect would be more than marginal. That lack of change reflected the policy underpinning current legislation, that supply should only be sufficient to meet unstimulated demand, rather than any uncompetitive activities by companies. In the London market as a whole, existing casino capacity was sufficient to meet demand, although there were some pressures at the lower end and the Gaming Board, as a result, had decided not to object to a recent application for a new lower-market casino in the St Giles' Hotel, Tottenham Court Road.

## **Casino operators**

6.10. We wrote to the operators of the 12 London casinos not owned by LCI or Capital (see Table 4.1) and to a number of other casino operators in the provinces. We received replies from all the London casino operators and two others. The owners of Napoleons casino told us that they had no comments to make.

### ***Aspinalls Club Limited***

6.11. Aspinalls said that it understood that the merger would give LCI a 60 per cent share of the crucial central London casino market, particularly in relation to the upper/middle sector of the market. It believed such a large share of the London market was contrary to the public interest in that it would result in less choice for customers, less choice for management and greater uncertainty that regulators could effectively control the combined operation in the same way as for smaller companies. These factors were of greater importance given the fact that new entrants had to prove the existence of unsatisfied demand to obtain a gaming licence. This condition naturally favoured incumbent operators. In conclusion, Aspinalls argued that the recommendations of the 1983 MMC report were relevant to the present inquiry and the reasoning behind them was just as compelling.

### ***Cromwell Mint***

6.12. The Cromwell Mint casino said that it opposed the proposed merger as a matter of principle as clearly a merger that would give any one party nearly two-thirds of the London casino market would create a monopoly or near monopoly situation and that of itself could not operate in the public interest.

6.13. Commenting on the casino market, the Cromwell Mint added that it was specious of the media proponents of the merger to argue that high rollers jetted in from all over the world, so that competition was in effect with casinos in Las Vegas and Monte Carlo rather than within London itself. The public interest, with which the MMC were primarily concerned, was essentially that of the UK market, in particular the London gaming public, and not that of a fickle jet set who were quite capable of looking after their own interests. It was the local gaming public, whether tourist or resident, and how London demand for their gaming was to be met and satisfied which needed to be safeguarded by the MMC's eventual recommendations.

### ***Grosvenor Casinos Limited***

6.14. Grosvenor, a wholly-owned subsidiary of Rank, operating 27 casinos outside London and four within London, submitted written evidence and attended a hearing.

6.15. Grosvenor thought that the proposed merger would have a highly damaging effect on competition in the upper and middle sectors of the London casino market. If the merger went ahead, LCI would have a market share in excess of 70 per cent of the upper sector and up to 85 per cent of the middle sector of the London market. Grosvenor argued that the main consequences of allowing LCI to achieve shares of that order were likely to be as follows:

- (a) Casinos in the upper segment were highly dependent on a small number of major players. LCI's ability to attract and retain high-staking major players within its group would be considerably enhanced. LCI had clearly indicated in its offer document and in press reports that it fully intended to use the enhanced promotional opportunities provided by the merger to secure major players. In addition, recent deregulation measures introduced in the casino industry, including proposals for reductions in membership time, postal applications, group membership and greater scope for advertising, would place large operators such as LCI in an even stronger position to secure major players, particularly those from overseas. If any one operator was able to attract and retain a significant number of such players, the ability of other operators to make sufficient profits and to compete effectively would be severely threatened.

- (b) LCI would be able to raise staking limits beyond levels sustainable by other operators, further increasing its ability to attract and retain major players. At present a degree of competition analogous to price competition existed in the casino market, particularly in the upper sector, where players were more likely to be attracted to casinos offering the highest maximum stakes. The greater the number of upper-sector casinos available within a group, the more power that group would have to increase maximum staking limits to levels beyond those which were commercially expedient for smaller operators.
- (c) There would be an inevitable reduction of diversity and a possible reduction of standards in the upper and middle sectors of the market, clearly operating to the detriment of players. As well as staking levels, casino operators actively competed amongst themselves in a number of other areas, in particular restaurant and bar facilities, quality of staff training, promotional activities, and the provision of extra services to players such as transport and hospitality services, mainly to attract overseas players visiting London, who came to London for other reasons than purely to gamble. The concentration of a large number of clubs in the upper and middle sectors under one ownership could well lead to a fall in standards in these areas. At the very least, it could mean less diversity and a reduction in consumer choice in those sectors, reflected in a standardization of services and ambience.
- (d) Barriers to entry into the London casino market, already high, would be raised still further. Obtaining a certificate of consent from the Gaming Board was a significant barrier, particularly for entirely new entrants to the UK market. It was also extremely difficult for a new entrant to demonstrate to local licensing justices that there was sufficient unstimulated demand for the type of facilities proposed and, in the case of entirely new premises, to obtain planning permission. (Only two licences for new casinos had been granted in London in the last ten years.)
- (e) The larger the operator and the more gaming tables it controlled, the greater the ability it would have to obtain grants, transfers and renewals of licences and to oppose others' licence applications, largely because of the greater volume and quality of information available to it. LCI's existing position of strength in the upper sector, and its dominance in the middle sector, had clearly been to its advantage in enabling it to persuade the gaming authorities to approve its recent relocation and, jointly with Capital, to persuade the South Westminster licensing authority to reject a recent application by Grosvenor for relocation of the Connoisseur Club to Mayfair. The merger would further increase LCI's ability to influence licensing activity, particularly in the key Mayfair area, and thereby to increase still further its share of the upper and middle sectors of the London market.
- (f) The merger would deter players from giving evidence at licensing hearings in support of rival casino operators, because they would be concerned that this would adversely affect their membership of LCI's enlarged group of casinos. Several players had already declined to give evidence in favour of the proposed move of the Connoisseur Club for this very reason. It was expected that even fewer would be prepared to give such evidence following the merger.
- (g) Were LCI to suffer licence losses, this could ultimately result in the closure of nine out of 21 London casinos, which would have a highly destabilizing effect on the whole London casino market. Licences were, on occasion, cancelled and the cancellation of a licence for one particular casino often justified similar action in respect of other casinos under the control of the same operator. LCI's business activities, unlike certain other London casino operators, only involved the operation of casinos. Companies only involved in casino operation relied totally on profits generated by casinos and were under pressure from their shareholders to grow their businesses from a single source. Arguably, this made it more likely that such operators would take risks which could eventually lead to licence revocations.

6.16. In conclusion, Grosvenor said that it opposed the merger for the reasons given above. Referring to the 1983 MMC report, Grosvenor stressed that the present merger proposal would result in a situation at least as damaging for today's London casino market. Grosvenor was unable to think of any safeguards apart from LCI's divestment of Capital which would allay its fears.

## ***Ladbroke Group PLC***

6.17. Ladbroke submitted written evidence and attended a hearing.

6.18. Ladbroke believed the merger raised serious concerns in relation to the promotion and maintenance of effective competition in the overall London casino market and its constituent parts, particularly in the upper/middle casino market located in Mayfair in the South Westminster licensing area. London was a distinct market from the rest of the UK, differentiated particularly by the size of the drop. In Ladbroke's view, there had been no material changes in the London market since the 1983 MMC report and its present concerns were the same as those raised by the MMC in that report.

6.19. Ladbroke emphasized that it did not object to the change in ownership of two London casinos *per se*. Its principal concern was that a strengthening of LCI's market dominance in the overall London casino market, in particular in upper/middle-market casinos in the crucial South Westminster licensing area, would lead to an unacceptable increase in LCI's market power, and would eliminate the already limited scope for competition in what was a highly-regulated market. LCI already controlled over 40 per cent of upper/middle market casinos in London, and in the South Westminster licensing area it owned five of the 11 casinos.

6.20. The merger would strengthen LCI's dominant position with an estimated 58.3 per cent (based on drop) of the overall London casino market, 58.3 per cent of the upper- and middle-market casinos in London by number of casinos, and, in the South Westminster licensing area, 63.7 per cent of all casinos and 75 per cent of upper/middle-market casinos.

6.21. LCI's market dominance would be virtually impossible to challenge, given the existing significant barriers to entry and its enhancement in the market, in particular the difficulty of obtaining or transferring a casino licence. As a result, the scope for competition between operators would be seriously impeded or foreclosed, and customers' freedom of choice and their ability to benefit from non-price competition, whether in relation to the number, variety or maximum stakes permitted on games, or matters such as comfort and ambience and the quality of amenities, would also be placed in jeopardy.

6.22. Ladbroke stressed that there were material differences between the different licensing areas in London, which both defined the conditions of competition between casinos in each particular licensing area, and differentiated those casinos from casino operations located in other London licensing areas. In particular, the conditions of competition in the South Westminster licensing area distinguished that area from other London licensing areas and created a quite separate competitive dynamic. Historically, there had always been a high concentration of casinos in the South Westminster licensing area, and it remained the focal point of the overall London casino market, with 11 of the 21 London casinos located there, including all but one of London's upper-market casinos and over half of its middle-market ones. These included both of Capital's casinos. Moreover, there was little likelihood of new casino licences being granted in the area. No new casino licences had been granted in London for almost ten years and it was very difficult to transfer a casino licence to a different licensing area.

6.23. Ladbroke stressed that, in competitive terms, the South Westminster licensing area constituted a distinct market in which barriers to entry were extremely high, and which benefited the incumbent operator. Correspondingly, the scope for unfair exploitation of an individual operator's market power in that area was greater.

6.24. If the merger went ahead, LCI would own all but four of the casinos in the South Westminster licensing area and would dominate the upper/middle-sector casino market located there. Furthermore, if section 12 of the 1968 Act was amended to allow postal application and immediate group membership, LCI would be able further to increase its market power within the area by virtue of its position as the largest operator of upper-market casinos and the sole middle-market casino operator within a tightly-defined area. The practical consequence would be significant foreclosure of the already limited scope for competition under the present regulatory system in the most important geographic and product segments of the London casino market. The degree of concentration resulting from the merger would not only benefit LCI in the short term, but would ensure its dominance in the long term, given the high barriers to entry and its enhancement in the market. An enlarged LCI group would, if it wished, be able to show

that there was no evidence within any of its clubs of unsatisfied demand and, given that it would operate nearly all of the clubs within the area, it would be very difficult for a contrary argument to be put forward.

6.25. Ladbroke also told us that it had investigated the scope it had to move one of its lower-segment casinos (Charlie Chester's) up-market. Its conclusion, in particular taking an account the licensing authority's rejection of Grosvenor's application to move the Connoisseur Club, was that this would be an enormous undertaking which, if possible at all, would take a considerable number of years. A casino located in an area not normally frequented by upper-segment players would, we were told, be unlikely to be successful if it attempted to reposition itself and would risk losing its existing customers.

6.26. In conclusion, Ladbroke stressed that the merger should not be regarded as merely effecting a change in ownership of two London casinos, but should be assessed in the light of LCI's existing dominant position and the significant regulatory barriers in the market. The merger would severely limit customer choice in the South Westminster licensing area and would produce serious long-term structural implications for the individual market segments and the London casino market as a whole. Ladbroke said that its concerns for the industry could only be allayed if the MMC recommended that the merger should be prohibited.

### ***Stakis plc***

6.27. Stakis said that its research of the London casino market had identified two distinct groupings—the high-rolling market, characterized mainly by international players, and the provincial market, further segmented into higher and lower bands, characterized largely by the local resident population. Assuming that the merger did not alter the current configuration of the London market, and it appeared not to, Stakis believed the merger did not give rise to any competition issues and it therefore did not object to it. However, Stakis added that it would strongly object if a blurring of the current groupings between different types of casinos emerged as a result of the merger, for example, if The Colony Club was downgraded following the merger. Stakis argued that this would create serious competition issues which would be aggravated by the limited licensing opportunities available in London.

### ***Stanley Leisure plc***

6.28. Stanley Leisure commented that London was distinguishable from the rest of the UK in a number of respects in addition to its casino market—for example, its high cost of living and importance as one of the world's business, cultural and leisure centres. It was difficult for a provincial UK city to support competing casino operators, but London was different because of the average size of the drop. Therefore, it was appropriate to evaluate monopoly power in London against different criteria. The bottom end of the London casino market was the closest equivalent to the provincial market. (A high roller in a provincial casino might drop, say, £20,000 in one visit, compared with £100,000 for a London high roller.) There were very clear top and bottom ends of the London market; it was less clear that there was a distinct sector in between. For its part, Stanley Leisure had never contemplated operating in the top end, but it might be interested in entering at the bottom end of the London market.

6.29. Stanley Leisure considered that if the proposed merger went ahead the only casinos not owned by LCI at the top end of the London market would be the Clermont and Aspinalls. Maxims was not quite in the top bracket because it was not located in the key Mayfair area.

6.30. Stanley Leisure added that, in its opinion, it would be incorrect to say that most players at the top end of the London market travelled from overseas, since many of these international gamblers had homes in the UK. Those who had not probably amounted to no more than around 50 per cent of the top players. International gamblers based outside the UK, but who gamed in London, tended to have business and other interests in a number of other countries besides the UK. Such players would game wherever it suited them at the time. In addition, there were a small number of truly mobile international players who might travel to one country or another specifically to game.

6.31. Casinos in Las Vegas, for example, were therefore in competition with London's top casinos to an extent. London had a reputation for high maximum stakes, the best cuisine and opulent surroundings; there would always be a demand for the 'gentleman's club' style of casino; and uniquely English attractions away from the casino, such as cricket at Lords or tennis at Wimbledon, could tilt the balance in attracting the international high roller. On the other hand, Las Vegas casino operators offered free flights and accommodation; in addition, *salles privées* (larger and with more tables than in London) were available for players seeking privacy or wishing to escape the slot machines or to play for higher stakes than those offered on the main gaming floor.

6.32. Stanley Leisure thought that if standards were to fall and gaming in London's top casinos became less attractive, an international gambler with a London base might still play here rather than switch to a casino overseas. International gamblers without a London base played where they wished to, in any event, for a variety of personal reasons. As a general point, any fall in standards would tend to give rise to a loss of business in most markets. The number of international players gaming in London was probably about the same as it was at the time of the 1983 MMC report. What had changed was that they now formed a higher proportion of all London players: the number of domestic players had fallen off, largely as a result of operators' successful wooing of international high rollers.

6.33. Referring to barriers to entry, Stanley Leisure stressed that it was highly unlikely for new entry to occur in the London casino market because of the need to convince the Gaming Board and licensing justices of the existence of unsatisfied demand. (The most recent success was that of Napoleon's, some ten years ago.) In addition, it was reasonable to cite, as further barriers to entry, both an ability on the part of incumbent operators to absorb small increases in demand as they became apparent, and also a deterrent effect arising from the mere presence of a substantial monopolist in the market. There was no particular barrier to repositioning a casino up-market though this might be a questionable strategy if the casino in its present physical location was already successful lower down the market.

6.34. On the subject of competition, Stanley Leisure said that it was hard to see any benefits to Aspinalls or the Clermont (the remaining competitors following the merger), but not hard to see detriments. In particular, the enhancement of LCI's information database on international high rollers would enable LCI to target these players more effectively and so to maximize the number of their visits to LCI casinos.

6.35. Stanley Leisure added that owning more casinos than its competitors increased an operator's ability to offer higher maximum staking limits-and so to attract high rollers-by spreading the risk. The chances that a successful player would subsequently proceed to lose his winnings with that operator rather than with a competitor were increased, thus offsetting (more or less) the greater risk incurred from increasing the maximum stake. LCI was more likely to increase both its maximum and minimum staking limits following the merger. Players often wished to switch to another casino in an attempt to optimize their chances of a win. Where this happened in the course of a given session of gaming, the casino's 'bush telegraph' could effectively steer the player to another casino in the same ownership. By the time the player reached the receptionist he/she would already know that the player wished to go to another casino and the 'car jockey' could offer to take him to an appropriate destination. Stanley Leisure pointed out that The Colony Club was located opposite the Rendezvous. Since its transformation from a lower-market casino (The International Sporting Club) its success had exceeded expectations and this had undoubtedly harmed the Rendezvous.

6.36. Regarding regulation, Stanley Leisure added that in 1992 the Gaming Board was widely perceived to have been dilatory in taking action against the former London Clubs International precisely because of the large number of casinos owned by the company. It was not clear that this might not happen again, despite the introduction of a 'white certificate' for company directors. All casino operators kept an eye on each other. To some extent, self-policing could therefore be diluted by the loss of one operator (Capital), although in practice it was usual to point out observed breaches/anomalies directly to the operator concerned in the first instance.

6.37. As for the outstanding deregulation proposals, Stanley Leisure thought that the postal application and group membership proposals were unlikely to be significant in the context of the merger. Slot machines, at the top end of the market, would probably be relatively few in number, offering very high jackpots for a very high stake.

6.38. In conclusion, Stanley Leisure considered that the main potential detriment of the merger was a reduction of choice. This could show in a number of ways, but essentially arose because principal players' ability to go to top-end casinos not owned by LCI would be severely limited after the merger. It should also be borne in mind that such players were unaccustomed to backing down in any circumstances where they failed to get their way. Cheque-cashing facilities offered an obvious illustration. In London, cheque clearance could take as long as six weeks because of different banking regulations in different countries. This could lead to difficulties where a player wished to game again before a previous cheque had been cleared, notwithstanding that he might be well known to be of the requisite financial standing. If a player took offence in an up-market LCI casino he had little choice of other places to go to. Also, a significant number of principal players could be affected by a diminution in complimentaries, since there would be less need for these as a major competitive tool following the merger. However, Stanley Leisure thought that it would not be in LCI's commercial interests to allow a general fall in its currently high level of standards.

### ***Tower Casino Group Ltd***

6.39. Tower Casino Group Ltd (Tower) thought that the merger would not be contrary to the public interest. Competition at the upper end of the London market would remain from Aspinalls, the Clermont and Maxims, with nine casinos owned independently of LCI operating in the middle and lower markets.

6.40. Tower added that, in its view, the only area which could potentially be prejudicial to the public interest would be if an individual was barred from membership or entry to an LCI casino. Clearly, in these circumstances if the merger took place an individual could find himself barred from Crockfords or The Colony Club in addition to the clubs currently owned by LCI, thereby considerably limiting his choice of gaming venue. However, Tower thought that, in practice, the flow of information, both formal and informal, between operators was such that it was often the case that barring from one club, particularly if barred for reasons of suspicion, would result in barring from all other similar clubs in London regardless of their ownership.

### **Local councils**

6.41. We asked the three London councils with casinos situated within their areas (Camden, Kensington and Chelsea and Westminster) for their views. Only the City of Westminster (Westminster) replied.

### ***City of Westminster***

6.42. Westminster explained that its current planning policies sought to balance its aims of enhancing the attraction of central London and maintaining economic vitality and diversity, with safeguarding residential amenity and accommodation and ensuring a high-quality environment. Westminster's policies for entertainment uses generally sought to direct new or expanded uses such as casinos within its Central Activities Zone, where they would not have a detrimental impact on residential amenity and the general environment.

6.43. Westminster provided information on planning applications made since 1990 for changes of use to casino use. The majority of applications related either to expansion of existing casinos to provide enhanced facilities such as restaurants or staff facilities, or to relocation of an existing operation. Westminster pointed out that under the Use Classes Order 1988 casinos were included in the same use class (Class D2) as uses such as non-residential clubs. Bearing in mind the historical character of Mayfair and St James's, this meant that in some cases planning permission would not be required for a change of use to a casino. However, where permission was granted for a casino, it was normally conditional on use only as a casino, so that Westminster could control changes to other uses also within Class D2, such as dance halls, bingo halls, and other assembly and leisure uses.

6.44. Proliferation of casino and late night uses had been an issue in a number of the applications, particularly in the Mayfair area where there was a significant cluster of such uses. Whilst the council was aware that the number of operators granted gaming licences in central London had remained constant since 1971, in planning terms, where casinos had relocated, the vacated property could be reoccupied by another operator without the need for further planning permission. For example, in LCI's recent application for the relocation of the Rendezvous to 14 Old Park Lane no information was provided about the future use of the space which would be vacated at the Hilton Hotel. However, in that case, members were prepared to grant permission on the basis that with the tight controls on gaming licence numbers, the chances of the property being reoccupied by another operator would be very low.

6.45. Many of the applications had caused local concerns in terms of amenity, traffic generation and car parking. The late hours of operation were of particular concern to residents. Often the extent and nature of the use was controlled to ensure that the impact on the amenity of nearby residents would be minimal. Conditions which had regularly been applied to the use itself (rather than associated plant or alterations) had dealt with the following matters:

- (a) hours of opening;
- (b) hours of servicing (normally restricted to normal working hours);
- (c) location of servicing and/or staff and goods entrances (generally away from residential properties); and
- (d) provision of noise insulation.

In a number of cases the applicant had entered into a legal agreement to control matters which could not be dealt with through conditions, such as use of specific car parking areas, car jockeying arrangements, etc.

6.46. Westminster added that, whilst many of these conditions appeared to be restrictive, in many cases the likely impact of an unrestricted use on the residential amenity and on-street parking of the locality would have been so detrimental that the use would have been refused. However, in all cases except one (the former restaurant premises adjacent to the Palm Beach casino, for which consent was granted on appeal), permission was granted subject to stringent conditions and sometimes a legal agreement.

6.47. Westminster believed that, in terms of ensuring that the impact of casinos on the general environment was kept to a reasonable level, the controls placed on the management and operation of individual casinos through gaming licence conditions were very important, since many of these aspects could not be controlled through the planning process. The need to reapply for licences on an annual basis provided some comfort to residents that the commitments given by casino operators about matters affecting local amenity would be adhered to in the long term.

6.48. Westminster emphasized that, due to the number and complexity of issues involved in casino proposals and the degree of local concern about such proposals, planning applications were rarely straightforward and negotiations were often required to achieve an acceptable outcome. On a number of occasions the Planning (Applications) Sub-Committee had deferred a decision to seek further information on specific issues. Where a legal agreement was required, the time taken to issue a formal decision was inevitably extended.

6.49. Also, a large number of applications concerned listed buildings, so that listed buildings consent was required for internal and external works associated with the change of use. Many of the applications had involved provision of plant and ducting to serve kitchen areas as well as other works. Accommodating the requirements of a casino within an historic building could often be difficult. Whilst negotiations could usually produce an acceptable scheme, officers preferred to deal with applications for a known occupier where the type of operation was known and the grant of a gambling licence was a realistic proposition.

## Others

6.50. London Tourist Board Limited (LTB) said that, whilst it had no views to offer on the individual companies operating casinos in London, it had a number of general comments. It pointed out that casino operations provided a service much used by overseas visitors to London. The LTB had taken part in recent Government consultations on the deregulation of casinos and the rules governing their operations and was pleased to see that a number of the points it had made were being adopted, including a reduction of the waiting period for club membership.

6.51. Many of the parties we approached told us that they did not wish to provide evidence or to comment on the proposed merger. These included the British Casino Association, City of London Police, the Commissioner for Police for the Metropolis, the gaming licensing committees for North and South Westminster, HM Customs and Excise, HM Treasury, the Home Office and the National Consumer Council.

P G CORBETT (*Chairman*)

M CAVE

A T CLOTHIER

J EVANS

P A BOYS (*Secretary*)

4 July 1997